

**Eastern Upper Peninsula  
Employment and Training Consortium**

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**BASIC FINANCIAL STATEMENTS**

**June 30, 2008**

**EASTERN UPPER PENINSULA**  
**EMPLOYMENT AND TRAINING CONSORTIUM**

**APPOINTED OFFICIALS**

Chairperson	Phyllis French
Vice Chairperson	Richard Timmer
Board Member	Nancy Morrison
Board Member	Carl Frazier
Board Member	Bernard LaJoie
Board Member	Dawn Nelson

**ADMINISTRATION**

Executive Director	Gwen Worley
Chief Fiscal Officer	Carol Murray

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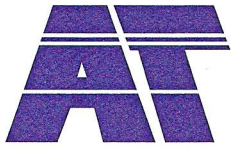
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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**Independent Auditor's Report**

Members of the Board  
E.U.P. Employment and Training Consortium  
1118 E. Easterday Avenue  
Sault Ste. Marie, MI 49783

We have audited the accompanying financial statements of the governmental activities and each major fund of the E.U.P. Employment and Training Consortium as of and for the year ended June 30, 2008, which collectively comprise the Consortium's basic financial statements as listed in the table of contents. These financial statements are the responsibility of E.U.P. Employment and Training Consortium's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the E.U.P. Employment and Training Consortium as of June 30, 2008, and the respective changes in financial position where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Members of the Board  
E.U.P. Employment and  
Training Consortium

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2008, on our consideration of the E.U.P. Employment and Training Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the E.U.P. Employment and Training Consortium's basic financial statements. The accompanying information identified in the Table of Contents and other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to basic financial statements.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

December 2, 2008

## **Management's Discussion and Analysis**

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**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Consortium as a whole and present a longer-term view of the Consortium's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Consortium's operations in more detail than the government-wide financial statements.

**The Consortium as a Whole**

The Consortium's combined net assets increased 13.5% from a year ago, increasing from \$64,239 to \$72,909. In a condensed format, the table below shows a comparison of the net assets as of the current date.

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2008</u>
Current Assets	\$ 320,833	\$ 279,560
Capital Assets	<u>8,427</u>	<u>20,632</u>
Total Assets	<u>\$ 329,260</u>	<u>\$ 300,192</u>
Current Liabilities	<u>\$ 265,021</u>	<u>\$ 227,283</u>
Total Liabilities	<u>265,021</u>	<u>227,283</u>
Net Assets		
Invested in Capital Assets	8,427	20,632
Unrestricted (Deficit)	<u>55,812</u>	<u>52,277</u>
Total Net Assets	<u>64,239</u>	<u>72,909</u>
Total Liabilities and Net Assets	<u>\$ 329,260</u>	<u>\$ 300,192</u>

The current level of unrestricted net assets for our governmental activities stands at \$52,277, or about 21% of expenses.



**Eastern Upper Peninsula  
Employment and Training Consortium**

**Management's Discussion and Analysis  
June 30, 2008**

The following table shows the activities of the Consortium.

	<u>Governmental Activities 2007</u>	<u>Governmental Activities 2008</u>
Program Revenues		
Operating Grants	\$ 2,270,453	\$ 2,518,052
General Revenues		
Unrestricted Investment Earnings	2,468	2,485
Other Local Sources - General	<u>25,411</u>	<u>23,374</u>
Total Revenues	<u>2,298,332</u>	<u>2,543,911</u>
Program Expenses		
Administration	281,448	379,377
Supportive Services	118,508	201,611
Training Services	503,533	533,410
Direct Client Services	250,149	213,841
Information & Technology	24,756	22,806
Employment Services	85,878	80,905
Other Programmatic	251,895	224,165
Core Services	170,744	199,398
Intensive Services	190,184	168,104
In-School Youth	234,606	244,506
Out-of-School Youth	189,150	264,308
Depreciation – Unallocated	<u>2,808</u>	<u>2,810</u>
Total Expenses	<u>2,303,659</u>	<u>2,535,241</u>
Changes in Net Assets	(5,327)	8,670
Beginning Net Assets	<u>69,566</u>	<u>64,239</u>
Ending Net Assets	<u>\$ 64,239</u>	<u>\$ 72,909</u>

**Governmental Activities**

**Facility**

Michigan Works! Service Center continues to provide services in Sault Ste. Marie and satellite offices located in Newberry and St. Ignace.

**Personnel**

The Consortium employs the following full-time positions: Executive Director, Executive Secretary, Chief Fiscal Officer, Administrative Fiscal Officer, and Management Information System Specialist. New full-time positions are Program Specialist and MPRI Community Coordinator. Part-time positions: Community Corrections Coordinator (20 hours per week) and Janitor (15 hours per week).

**Grant Allocations for the period of July 1, 2007 through June 30, 2008 are as follows:**

**Workforce Investment Act (WIA)** – Adult, \$462,891; Dislocated Worker, \$436,400; Youth, \$480,779. Local Administration supported by these grants totaled \$138,007. An additional \$204,211 was carried in from the previous year.

WIA Incumbent Worker, \$26,388, an increase of \$10,505 or 66.14 percent.

WIA Service Center, \$62,584, an increase of \$7,584 or 13.79 percent; \$639 carried-in.

WIA Statewide Youth, \$2,876, a decrease of \$1,437 or 33.32 percent.

WIA Capacity Building, \$24,000, initial allocation unchanged; additional funding for the interviewing software license was not allocated.

New WIA grants: WIA Dislocated Worker-No Worker Left Behind, \$34,020, WIA Statewide Activities-No Worker Left Behind, \$37,195.

WIA grants not awarded this year: WIA Performance Incentive Award, WIA Dislocated Worker Scholarship and WIA Displaced Homemaker.

Overall funding for WIA decreased \$33,757 or 2.11 percent.

**Employment Services** – \$94,867, a decrease of \$1,152 or 1.2%; plus an additional \$4,112 carried-in.

New Employment Services Grant: ES-No Worker Left Behind, \$15,113.

Overall funding for ES increased \$13,961 or 14.54 percent.

**Disability Navigator** – \$10,000, unchanged, with an additional \$10,524 carried-in.

**21<sup>st</sup> Century Workforce** – \$5,190 carried-in.

# Eastern Upper Peninsula Employment and Training Consortium

Management's Discussion and Analysis  
June 30, 2008

**Grant Allocations for the period of October 1, 2007 through September 30, 2008 were as follows:**

**JET (previously Work First)** – TANF, \$284,962; State GF/GP, \$66,571; and WIA WF Support, \$18,958. Funding for these grants decreased \$19,735 or (5.06) %. WIA WF Support carried-in an additional \$13,350.

New JET grants: TANF–No Worker Left Behind, \$5,661; GF/GP–No Worker Left Behind, \$6,360; and GF/GP Expansion, \$27,046.

Grant not awarded this year: Reed Act.

Overall funding for JET increased \$12,972 or 3.32 percent.

**Food Assistance** – Program Operations \$18,076, increased \$1,111 or 6.55 percent. Supportive Services \$1,500, unchanged.

**Corrections** – Community Corrections, \$127,000; DDJRP, \$2,279; both unchanged. The Michigan Prisoner ReEntry Initiative (MPRI) program began its pilot year in the UP. The initial allocation of \$630,000 was later reduced to \$530,725.

## Original vs. Final Budget

Budgets for the General Fund, Operating, and the Strategic Planning Initiative were approved by the Administrative Board in June of 2007, prior to the beginning of the fiscal year. Adjustments were made in coordination with new grant revenues and line item expenditures. Final budgets were approved by the Administrative Board in June 2008.

## Capital Assets

The Consortium's investment in capital assets increased by \$12,205 during the fiscal year. This is summarized as follows:

	Balance 07/01/07	Additions	Deletions	Balance 06/30/08
Capital Assets	\$ 44,284	\$ 15,015	\$ -	\$ 59,299
Less: Accumulated Depreciation	(35,857)	(2,810)	-	(38,667)
Net Investment Capital Assets	<u>\$ 8,427</u>	<u>\$ 12,205</u>	<u>\$ -</u>	<u>\$ 20,632</u>

See Note 4 - Capital Assets later in the audit report for more detail.

**Economic Factors and Next Year's Budget**

Comparing the upcoming year's initial allocations to the current year's allocation, the following projections are made:

**July 1, 2008 through June 30, 2009 Programs:**

**Workforce Investment Act (WIA)** – Adult, \$553,599; Dislocated Worker, \$591,873; and Youth, \$566,694. Funding is projected to increase \$344,051 or 24.24 percent; of which \$171,216 will support program administration. An additional \$122,918 will be carried-forward.

WIA Incumbent Worker, \$26,596, projected increase of \$208 or less than one percent.

WIA Service Center, \$60,000, unchanged, with an additional \$6,414 carried-forward.

WIA Statewide Youth, \$2,876, unchanged.

WIA Capacity Building, \$24,000, unchanged.

Reinstated WIA grant: WIA Performance Incentive, \$18,925.

New WIA grant: WIA National Emergency Grant projected at \$35,199.

WIA grants not awarded this year: WIA Dislocated Worker-No Worker Left Behind; WIA Statewide Activities-No Worker Left Behind, which will carry-forward \$4,812.

Overall WIA is projected to increase \$317,168 or 20.30 percent.

**Employment Services** – \$95,951, an increase of \$1,084 or 1.11 percent with an additional \$1,897 carried-forward.

Not awarded: Employment Services-No Worker Left Behind.

**Disability Navigator** – \$10,000, unchanged; with an additional \$8,452 carried-forward.

**October 1, 2008 through September 30, 2009 Programs:**

**JET** – TANF, \$302,983; GF/GP, \$72,319; and WIA WF Support, \$23,699. Funding is projected to increase \$35,761 or 9.8 percent. WIA WF Support will carry-forward an additional \$6,304.

JET grants not awarded: TANF-No Worker Left Behind, GF/GP- No Worker Left Behind, and GF/GP Expansion.

Overall JET funding is projected to decrease by \$3,306 or less than one percent.

**Food Assistance** – Program Operations, \$19,444, a projected increase of \$2,868. Supportive Services, \$1,500, unchanged.

Overall Food Assistance is projected to increase 15.87 percent.

**Corrections** – Community Corrections, \$131,769, a projected increase of \$4,769. DDJRP, \$2,279, and MPRI, \$6,300,000, unchanged.

Overall Corrections is projected to increase by less than one percent.

New grant – No Worker Left Behind, \$15,082, designated for adult and dislocated worker education/training.

### **Other Economic Issues**

Health Insurance is projected to increase 16 percent.

Interest for the upcoming year is projected to be approximately \$1,800.

The Consortium will continue to work with our service providers to efficiently and effectively manage the available funds for workforce development.

### **Restricted Funds**

The Consortium, when authorized by the Board, will continue to use its Strategic Planning fund to support activities that are in keeping with our goals of increasing workforce readiness, improving academic performance, and attracting high tech wage jobs to the area.

### **Contacting the Consortium's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Consortium's finances and to show the Consortium's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Consortium's office at: 1118 E. Easterday Avenue Sault Ste. Marie, Michigan, 49783 or (906) 635-1752.

## **Basic Financial Statements**

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# **Eastern Upper Peninsula Employment and Training Consortium**

## **Statement of Net Assets June 30, 2008**

	<div> <div>Primary Government</div> <div>Governmental</div> <div>Activities</div> </div>
<b>ASSETS:</b>	
Current Assets:	
Cash & Investments	\$ 51,591
Receivables:	
Grants	209,207
Accounts	267
Prepaid Expenses	18,495
Total Current Assets	279,560
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation)	20,632
TOTAL ASSETS	\$ 300,192
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	\$ 139,155
Accrued Liabilities	9,907
Deferred Revenue	68,114
Accrued Compensated Absences	10,107
TOTAL LIABILITIES	227,283
<b>NET ASSETS:</b>	
Invested in Capital Assets	20,632
Unrestricted	52,277
TOTAL NET ASSETS	\$ 72,909

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Statement of Activities  
Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues	Governmental Activities
		Operating Grants	Net (Expense) Revenue and Changes in Net Assets
<b>Governmental Activities:</b>			
Administration	\$ 379,377	\$ 366,212	\$ (13,165)
Supportive Services	201,611	201,611	-
Training Services	533,410	533,350	(60)
Direct Client Services	213,841	213,841	-
Information & Technology	22,806	22,806	-
Employment Services	80,905	80,905	-
Other Programmatic	224,165	223,043	(1,122)
Core Services	199,398	199,398	-
Intensive Services	168,104	168,104	-
In-School Youth	244,506	244,506	-
Out-of School Youth	264,308	264,276	(32)
Depreciation - Unallocated	2,810	-	(2,810)
Total Governmental Activities	<u>\$ 2,535,241</u>	<u>\$ 2,518,052</u>	<u>(17,189)</u>
<b>General Revenues:</b>			
Other Local Sources - General			23,374
Investment Earnings			<u>2,485</u>
<b>Total General Revenues</b>			<u>25,859</u>
Changes in Net Assets			8,670
Net Assets - Beginning			<u>64,239</u>
<b>Net Assets - Ending</b>			<u><u>\$ 72,909</u></u>



# Eastern Upper Peninsula Employment and Training Consortium

## Balance Sheet Governmental Funds June 30, 2008

	General	Strategic Planning Initiative	WIA Adult	WIA Youth	TANF 9/08	WIA Dislocated Worker	MI Prisoner Re-Entry	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>									
Cash & Investments - Unrestricted	\$ 4,881	\$ 31,858	\$ 2,090	\$ 910	\$ 1,472	\$ 2,148	\$ -	\$ 8,232	\$ 51,591
Receivables:									
Grants	-	-	5,906	29,220	25,738	25,145	43,973	79,225	209,207
Accounts	267	-	-	-	-	-	-	-	267
Due from Other Funds	-	15,293	-	-	-	-	-	-	15,293
Prepaid Expenses	18,495	-	-	-	-	-	-	-	18,495
<b>TOTAL ASSETS</b>	<u>\$ 23,643</u>	<u>\$ 47,151</u>	<u>\$ 7,996</u>	<u>\$ 30,130</u>	<u>\$ 27,210</u>	<u>\$ 27,293</u>	<u>\$ 43,973</u>	<u>\$ 87,457</u>	<u>\$ 294,853</u>
<b>LIABILITIES:</b>									
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,640	\$ 11,653	\$ 15,293
Accounts Payable	8,375	-	1,142	30,107	7,641	27,270	23,138	41,482	139,155
Accrued Liabilities	35	-	23	23	1,292	23	1,683	6,828	9,907
Deferred Revenue	-	-	6,831	-	18,277	-	15,512	27,494	68,114
<b>TOTAL LIABILITIES</b>	<u>8,410</u>	<u>-</u>	<u>7,996</u>	<u>30,130</u>	<u>27,210</u>	<u>27,293</u>	<u>43,973</u>	<u>87,457</u>	<u>232,469</u>
<b>FUND BALANCES:</b>									
Unreserved:									
Designated	-	47,151	-	-	-	-	-	-	47,151
Undesignated	15,233	-	-	-	-	-	-	-	15,233
<b>TOTAL FUND BALANCES</b>	<u>15,233</u>	<u>47,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,384</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 23,643</u>	<u>\$ 47,151</u>	<u>\$ 7,996</u>	<u>\$ 30,130</u>	<u>\$ 27,210</u>	<u>\$ 27,293</u>	<u>\$ 43,973</u>	<u>\$ 87,457</u>	

### Reconciliation to amounts reported for governmental activities in the statement of net assets:

Capital assets used by governmental activities	20,632
Compensated absences liability	(10,107)
<b>Net assets of governmental activities</b>	<u>\$ 72,909</u>

# Eastern Upper Peninsula Employment and Training Consortium

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds Year Ended June 30, 2008

	General	Strategic Planning Initiative	WIA Adult	WIA Youth	TANF 9/08	WIA Dislocated Worker	MI Prisoner Re-Entry	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>									
Federal Sources	\$ -	\$ -	\$ 536,161	\$ 507,779	\$ 184,063	\$ 283,004	\$ -	\$ 565,477	\$ 2,076,484
State Sources	1,000	-	-	-	-	-	244,832	195,736	441,568
Local Sources	23,374	-	-	-	-	-	-	-	23,374
Interest on Deposits	-	2,276	18	33	-	42	-	116	2,485
<b>TOTAL REVENUES</b>	<b>24,374</b>	<b>2,276</b>	<b>536,179</b>	<b>507,812</b>	<b>184,063</b>	<b>283,046</b>	<b>244,832</b>	<b>761,329</b>	<b>2,543,911</b>
<b>EXPENDITURES:</b>									
Administration	22,088	6,112	-	-	18,649	-	101,780	244,900	393,529
Supportive Services	-	-	-	-	5,339	-	123,310	72,962	201,611
Training Services	-	-	314,295	-	-	151,569	-	67,546	533,410
Direct Client Services	-	-	-	-	143,219	-	-	70,622	213,841
Information & Technology	-	-	-	-	16,856	-	-	5,950	22,806
Employment Services	-	-	-	-	-	-	-	80,905	80,905
Other Programmatic	-	1,122	-	-	-	25,000	19,742	178,301	224,165
In-School Youth	-	-	-	244,506	-	-	-	-	244,506
Core Services	-	-	126,851	-	-	45,741	-	26,806	199,398
Intensive Services	-	-	95,033	-	-	60,736	-	12,335	168,104
Out-of School Youth	-	-	-	263,306	-	-	-	1,002	264,308
<b>TOTAL EXPENDITURES</b>	<b>22,088</b>	<b>7,234</b>	<b>536,179</b>	<b>507,812</b>	<b>184,063</b>	<b>283,046</b>	<b>244,832</b>	<b>761,329</b>	<b>2,546,583</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,286</b>	<b>(4,958)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,672)</b>
<b>FUND BALANCES, JULY 1</b>	<b>12,947</b>	<b>52,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,056</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 15,233</b>	<b>\$ 47,151</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 62,384</b>

**Eastern Upper Peninsula  
Employment and Training Consortium**

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**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2008**

Net Changes in fund balances – total governmental funds \$ (2,672)

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$15,015) exceeded depreciation expense (\$2,810). 12,205

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the following net changes.

Compensated absences (863)

Changes in net assets of governmental activities \$ 8,670

## **Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Eastern Upper Peninsula Employment and Training Consortium conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the Consortium:

**A – Reporting Entity:**

E.U.P. Employment and Training Consortium was established to provide training and education services to displaced workers and individuals seeking to enter the work place. Its service area includes Luce County, Chippewa County, and Mackinac County. Board members consist of governmental officials as well as members of private industry.

Due to changes by the State of Michigan, which were effective July 1, 1997, the training and education services are administered by outside providers. The funding continues to flow through E.U.P. Employment and Training Consortium. The Consortium is responsible for monitoring these providers. The service providers are subcontractors of the Consortium.

**B – Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest on deposits are reported as general revenue.

The Consortium first utilizes restricted resources to finance qualifying activities.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**C – Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental funds are used to account for the government's general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Consortium reports the following major governmental funds:

**General Fund**

This is the Consortium's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Strategic Planning Initiative**

This fund accounts for the strategic planning of workforce development activities in addition to those using federal funds.

**WIA Adult**

This fund accounts for training and job placement for adults.

**WIA Youth**

This fund accounts for training and job placement for youths.

**WIA Dislocated Worker**

This fund accounts for training and job placement for dislocated workers.

**MI Prisoner Re-Entry**

This fund accounts for services to parolee's to increase self sufficiency and reduce recidivism.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**TANF 9/08**

This fund accounts for services to welfare recipients designed to increase self-sufficiency.

Additionally, the Consortium reports the following fund types:

**Special Revenue Funds**

These funds account for revenue sources that are legally restricted to expenditures for specific purposes.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

**D - Assets, Liabilities, and Net Assets or Equity:**

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

All receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items – Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and equipment is depreciated using the straight-line method over the following useful lives:

Leasehold Improvements	7 to 30 years
Furniture and Equipment	5 to 7 years

Grants and Other Intergovernmental Revenues – Federal grants and assistance awards for all governmental-type funds are recorded as intergovernmental revenue in accordance with the terms of the respective grants.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or in which such events take place.

There is vesting of accumulated unpaid vacation leave beyond the current fiscal year; however, there is no vesting of unpaid sick leave. At June 30, 2008 the liability for unpaid vacation leave was \$10,107.

Cost Allocation - Joint costs are allocated to benefiting programs using time and attendance allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, but which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

Personnel - Agency personnel time is identified by cost category such as administration, training, or intensive services, and information technology based on job functions and is charged to those particular cost pools. The cost pools are then allocated to various funding sources based on the percentage of direct personnel charges for the period. All direct costs are identified as such and charged to the appropriate funding source and cost category.

Space Costs - Space costs (maintenance, utilities, insurance, etc.) are charged to the administrative, training related, or direct training cost pools, based on square footage and then utilization, then further allocated based on time and attendance or participant enrollment.

Other Joint Costs - Other joint costs are charged to agency programs based on the amounts used by each program or other appropriate methodology.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

Deferred Revenues - The Consortium reports deferred revenue on its balance sheet. Deferred revenues arise when resources are received by the Consortium before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Consortium has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information – Prior to the beginning of the fiscal year, Consortium administration personnel prepare the budget for all governmental funds. The budgets are reviewed and approved by the appropriate state or federal governing body for final approval. The budgets lapse at the program year end period.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At year end, the Consortium's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash -	
Unrestricted	\$ <u>51,591</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Checking	\$ 10,827
Savings	764
Certificate of Deposits	<u>40,000</u>
	<u>\$ 51,591</u>

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

**Investment and Deposit Risk**

*Interest rate risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Consortium's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk.* The Consortium's investment policy does not have specific limits in excess of state law on investment credit risk. The Consortium has no investments for which ratings are required.

*Custodial credit risk.* Custodial credit risk is the risk that in the event of a bank failure, the Consortium's deposits may not be returned. State law does not require and the Consortium does not have a policy for deposit custodial credit risk. As of year end, \$104,554 of the Consortium's bank balance of \$104,554 was covered by federal depository insurance according to FDIC regulations.

**Statutory Authority:**

Michigan Law (Public Act 20 of 1943 as amended) authorizes the Consortium to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Banker's acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

- h. Obligations described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

The Consortium's deposits and investment policy are in accordance with statutory authority.

These deposits are in two financial institutions. The accounts are in the name of the Consortium. They are recorded in Consortium records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the primary government for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets being depreciated:				
Leasehold Improvements	\$ 19,659	\$ 7,946	\$ -	\$ 27,605
Furniture and Equipment	<u>24,625</u>	<u>7,069</u>	<u>-</u>	<u>31,694</u>
Subtotal	<u>44,284</u>	<u>15,015</u>	<u>-</u>	<u>59,299</u>
Less accumulated depreciation for:				
Leasehold Improvements	(11,232)	(2,810)	-	(14,042)
Furniture and Equipment	<u>(24,625)</u>	<u>-</u>	<u>-</u>	<u>(24,625)</u>
Subtotal	<u>(35,857)</u>	<u>(2,810)</u>	<u>-</u>	<u>(38,667)</u>
Total Capital Assets –				
Net of Depreciation	<u>\$ 8,427</u>	<u>\$ 12,205</u>	<u>\$ -</u>	<u>\$ 20,632</u>

Depreciation for the fiscal year ended June 30, 2008 amounted to \$(2,810). The Consortium determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The Consortium reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net assts/balance sheet for governmental funds.

Interfund balances at June 30, 2008 consisted of the following:

		DUE FROM		
DUE TO		MI Prisoner Re-Entry	Nonmajor Funds	Total
	Strategic Planning	\$ 3,640	\$ 11,653	\$ 15,293
	Total	\$ 3,640	\$ 11,653	\$ 15,293

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE 6 - ACCOUNTS PAYABLE**

The Consortium's accounts payable balance as of June 30, 2008 consists of the following:

Consolidated Community Schools	\$ 16,852
Other - Vendors	<u>122,303</u>
Total	<u>\$ 139,155</u>

**NOTE 7 - RISK MANAGEMENT**

Risk Management – The Consortium is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To lower the risk of such loss, the Consortium procures insurance in accordance with the guidelines set forth by the State of Michigan regarding coverage type and amounts.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 8 - CONTINGENT LIABILITIES**

The Consortium receives significant financial assistance from federal and state agencies in the form of grants. The distribution of funds from the various programs generally requires compliance with terms and conditions specified in the applicable grant agreement and is subject to examination by the grantor agency. Any disallowed claims resulting from such examination could become a liability of the applicable special revenue fund. It is the opinion of the administration that any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Consortium at June 30, 2008.

The Consortium has outstanding contractual obligations to service providers in the amount of \$16,852. Amounts are payable as contract services are provided.

**NOTE 9 - LEASE COMMITMENTS**

The Consortium currently leases office space on Easterday Avenue from an individual for their main office. The monthly payments are \$4,750 from July 1, 2006 through June 30, 2010. The lease contains a cancellation provision in the event that the Consortium's present funding is terminated and an option to renew for an additional three (3) year period commencing July 1, 2010. Total expense for the fiscal year end June 30, 2008 was \$57,000.

The Consortium's future minimum rental commitments for the aforementioned lease agreement accounted for as an operating lease at June 30, 2008, are as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2009	\$ 57,000
2010	<u>57,000</u>
	<u>\$ 114,000</u>

The Consortium also leases offices in St. Ignace and Newberry. The St. Ignace lease is on a month-to-month basis for \$490 per month. The Newberry lease is on a month-to-month basis at \$892 per month.

**NOTE 10 - RELATED PARTIES**

Federal program participants in some cases are related to members of management. Program related participant costs remitted on behalf of related parties was \$0 for fiscal 2008.

**NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

The E.U.P. Employment and Training Consortium participates in the Chippewa County pension plan. The following is a description of that plan:

Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.0 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2007.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate. The contribution rate as a percentage of payrolls for June 1, 2007 through December 31, 2007 was 4.20% and for January 1, 2008 through June 30, 2008 was 5.44%.

Annual Pension Cost

During the fiscal year ended June 30, 2008, the Consortium's contributions totaling \$8,364 were made in accordance with the contribution requirement determined by MERS. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required amortizing the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for this projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Notes to Financial Statements  
June 30, 2008**

**NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Employees of the Consortium are required to contribute 3% of their gross wages to the plan. During the fiscal year ended June 30, 2008, employees contributed \$6,462 to the plan.

Three year trend information as of December 31 follows:

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Actuarial Value of Assets	\$ 1,176,164	\$ 1,239,121	\$ 1,310,947
Actuarial Accrued Liability	1,136,038	1,190,425	1,262,281
Unfunded AAL	(40,126)	(48,696)	(48,666)
Funded Ratio	104%	104%	104%
Covered Payroll	156,825	161,862	240,727
UAAL as a Percentage of Covered Payroll	0%	0%	0%

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 7,835	100%	0
2006	6,604	100%	0
2007	6,422	100%	0

**NOTE 12 - DESIGNATED FUND BALANCE**

Fund balance is designated in the amount of \$47,151. These funds may be used for activities that are in keeping with the goals of the Consortium's Strategic Plan.

## **Required Supplementary Information**

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**Eastern Upper Peninsula  
Employment and Training Consortium**

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Local Sources	\$ 23,890	\$ 24,374	\$ 24,374	\$ -
TOTAL REVENUES	23,890	24,374	24,374	-
EXPENDITURES:				
Administration	23,585	24,374	22,088	2,286
TOTAL EXPENDITURES	23,585	24,374	22,088	2,286
EXCESS OF REVENUES OVER EXPENDITURES	\$ 305	\$ -	2,286	\$ 2,286
FUND BALANCE, JULY 1			12,947	
FUND BALANCE, JUNE 30			\$ 15,233	

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Required Supplementary Information  
Budgetary Comparison Schedule  
Strategic Planning Initiative  
Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest on Deposits	\$ 50,930	\$ 50,888	\$ 2,276	\$ (48,612)
TOTAL REVENUES	50,930	50,888	2,276	(48,612)
EXPENDITURES:				
Administration	9,100	6,300	6,112	188
Other Programmatic	750	2,650	1,122	1,528
TOTAL EXPENDITURES	9,850	8,950	7,234	1,716
EXCESS OF REVENUES (EXPENDITURES)	\$ 41,080	\$ 41,938	(4,958)	\$ (50,328)
FUND BALANCE, JULY 1			52,109	
FUND BALANCE, JUNE 30			\$ 47,151	

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Required Supplementary Information  
Budgetary Comparison Schedule  
WIA-Adult  
Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 54,000	\$ 557,444	\$ 536,161	\$ (21,283)
Interest on Deposits	-	-	18	18
TOTAL REVENUES	54,000	557,444	536,179	(21,265)
EXPENDITURES:				
Training Services	-	-	314,295	(314,295)
Core Services	-	-	126,851	(126,851)
Intensive Services	-	-	95,033	(95,033)
TOTAL EXPENDITURES	* 54,000	* 557,444	536,179	21,265
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -
FUND BALANCE, JULY 1			-	
FUND BALANCE, JUNE 30			\$ -	

\* Budgeted in total.

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Required Supplementary Information  
Budgetary Comparison Schedule  
WIA-Youth  
Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 94,500	\$ 513,160	\$ 507,779	\$ (5,381)
Interest on Deposits	-	-	33	33
TOTAL REVENUES	94,500	513,160	507,812	(5,348)
EXPENDITURES:				
In-School Youth	-	-	244,506	(244,506)
Out-of-School Youth	-	-	263,306	(263,306)
TOTAL EXPENDITURES	* 94,500	* 513,160	507,812	5,348
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -
FUND BALANCE, JULY 1			-	
FUND BALANCE, JUNE 30			\$ -	

\* Budgeted in total.

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Required Supplementary Information  
Budgetary Comparison Schedule  
WIA-Dislocated Worker  
Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 28,500	\$ 327,373	\$ 283,004	\$ (44,369)
Interest on Deposits	-	-	42	42
<b>TOTAL REVENUES</b>	<b>28,500</b>	<b>327,373</b>	<b>283,046</b>	<b>(44,327)</b>
EXPENDITURES:				
Training Services	-	-	151,569	(151,569)
	-	-	25,000	(25,000)
Core Services	-	-	45,741	(45,741)
Intensive Services	-	-	60,736	(60,736)
<b>TOTAL EXPENDITURES</b>	<b>* 28,500</b>	<b>* 327,373</b>	<b>283,046</b>	<b>44,327</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE, JULY 1</b>			<b>-</b>	
<b>FUND BALANCE, JUNE 30</b>			<b>\$ -</b>	

\* Budgeted in total.

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Required Supplementary Information  
Budgetary Comparison Schedule  
MI Prisoner Re-Entry  
Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 630,000	\$ 530,725	\$ 244,832	\$ (285,893)
TOTAL REVENUES	630,000	530,725	244,832	(285,893)
EXPENDITURES:				
Administration	-	-	101,780	(101,780)
Supportive Services	-	-	123,310	(123,310)
Other Programmatic	-	-	19,742	(19,742)
TOTAL EXPENDITURES	* 630,000	* 530,725	244,832	285,893
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -
FUND BALANCE, JULY 1			-	
FUND BALANCE, JUNE 30			\$ -	

\* Budgeted in total.

**Eastern Upper Peninsula  
Employment and Training Consortium**

**Required Supplementary Information  
Budgetary Comparison Schedule  
TANF 9/08  
Year Ended June 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 23,840	\$ 284,962	\$ 184,063	\$ (100,899)
TOTAL REVENUES	23,840	284,962	184,063	(100,899)
EXPENDITURES:				
Administration	-	-	18,649	(18,649)
Supportive Services	-	-	5,339	(5,339)
Direct Client Services	-	-	143,219	(143,219)
Information & Technology	-	-	16,856	(16,856)
TOTAL EXPENDITURES	* 23,840	* 284,962	184,063	100,899
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	-	\$ -
FUND BALANCE, JULY 1			-	
FUND BALANCE, JUNE 30			\$ -	

\* Budgeted in total.

## **Other Supplementary Information**

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# **Eastern Upper Peninsula Employment and Training Consortium**

## **Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008**

	Special Revenue Funds							
	TANF NWLB	GF/GP 9/07	GF/GP 9/08	Disability Navigator Initiative	WIA Statewide WF Support	GF/GP Expansion	Food Stamp E&T 9/07	Food Stamp E&T 9/08
<b>ASSETS:</b>								
Cash and Investments	\$ -	\$ -	\$ 63	\$ 1,383	\$ 1,956	\$ -	\$ -	\$ 143
Receivables:								
Grants	820	-	3,826	3,783	2,000	22,000	-	1,895
<b>TOTAL ASSETS</b>	<b>\$ 820</b>	<b>\$ -</b>	<b>\$ 3,889</b>	<b>\$ 5,166</b>	<b>\$ 3,956</b>	<b>\$ 22,000</b>	<b>\$ -</b>	<b>\$ 2,038</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ 762	\$ -	\$ -	\$ -	\$ -
Accounts Payable	410	-	35	1,979	1,204	10,000	-	608
Accrued Liabilities	-	-	48	51	81	-	-	-
Deferred Revenue	410	-	3,806	2,374	2,671	12,000	-	1,430
<b>TOTAL LIABILITIES</b>	<b>820</b>	<b>-</b>	<b>3,889</b>	<b>5,166</b>	<b>3,956</b>	<b>22,000</b>	<b>-</b>	<b>2,038</b>
<b>FUND BALANCES:</b>								
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 820</b>	<b>\$ -</b>	<b>\$ 3,889</b>	<b>\$ 5,166</b>	<b>\$ 3,956</b>	<b>\$ 22,000</b>	<b>\$ -</b>	<b>\$ 2,038</b>

# **Eastern Upper Peninsula Employment and Training Consortium**

## **Combining Balance Sheet Nonmajor Governmental Funds June 30, 2008**

	Special Revenue Funds							
	Employment Services - NWLB	Employment Services	WIA One Stop	WIA DW NWLB	WIA-Incumbent Worker	WIA Capacity Building	WIA - Youth Statewide	WIA Administration
<b>ASSETS:</b>								
Cash and Investments	\$ -	\$ 2,833	\$ 479	\$ -	\$ 69	\$ -	\$ -	\$ 457
Receivables:								
Grants	-	4,971	2,000	-	1,211	-	-	6,000
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 7,804</u>	<u>\$ 2,479</u>	<u>\$ -</u>	<u>\$ 1,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,457</u>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	7,318	41	-	1,158	-	-	565
Accrued Liabilities	-	486	1,342	-	122	-	-	4,284
Deferred Revenue	-	-	1,096	-	-	-	-	1,608
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>7,804</u>	<u>2,479</u>	<u>-</u>	<u>1,280</u>	<u>-</u>	<u>-</u>	<u>6,457</u>
<b>FUND BALANCES:</b>								
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 7,804</u>	<u>\$ 2,479</u>	<u>\$ -</u>	<u>\$ 1,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,457</u>

# **Eastern Upper Peninsula Employment and Training Consortium**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008**

	Special Revenue Funds				
	WIA Statewide - NWLB	21st Century Workforce	Community Corrections	TANF 9/07	Totals
<b>ASSETS:</b>					
Cash and Investments	\$ 849	\$ -	\$ -	\$ -	\$ 8,232
Receivables:					
Grants	12,283	-	18,436	-	79,225
<b>TOTAL ASSETS</b>	<u>\$ 13,132</u>	<u>\$ -</u>	<u>\$ 18,436</u>	<u>\$ -</u>	<u>\$ 87,457</u>
<b>LIABILITIES:</b>					
Due to Other Funds	\$ -	\$ -	\$ 10,891	\$ -	\$ 11,653
Accounts Payable	13,132	-	5,032	-	41,482
Accrued Liabilities	-	-	414	-	6,828
Deferred Revenue	-	-	2,099	-	27,494
<b>TOTAL LIABILITIES</b>	<u>13,132</u>	<u>-</u>	<u>18,436</u>	<u>-</u>	<u>87,457</u>
<b>FUND BALANCES:</b>					
Unreserved:					
Undesignated	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,132</u>	<u>\$ -</u>	<u>\$ 18,436</u>	<u>\$ -</u>	<u>\$ 87,457</u>

# Eastern Upper Peninsula Employment and Training Consortium

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds Year Ended June 30, 2008

	Special Revenue Funds							
	TANF NWLB	GF/GP 9/07	GF/GP 9/08	Disability Navigator Initiative	WIA Statewide WF Support	GF/GP Expansion	Food Stamp E&T 9/07	Food Stamp E&T 9/08
<b>REVENUES:</b>								
Federal Sources	\$ 995	\$ -	\$ -	\$ 11,933	\$ 25,451	\$ -	\$ 3,561	\$ 12,313
State Sources	-	6,198	61,194	-	-	-	-	-
Interest on Deposits	-	-	-	-	1	-	-	-
<b>TOTAL REVENUES</b>	<b>995</b>	<b>6,198</b>	<b>61,194</b>	<b>11,933</b>	<b>25,452</b>	<b>-</b>	<b>3,561</b>	<b>12,313</b>
<b>EXPENDITURES:</b>								
Administration	-	2,890	4,438	1,914	3,382	-	309	1,072
Supportive Services	-	-	51,481	-	-	-	750	700
Training Services	-	-	-	-	-	-	-	-
Direct Client Services	995	237	5,275	-	-	-	2,502	10,541
Information & Technology	-	3,071	-	-	-	-	-	-
Employment Services	-	-	-	-	-	-	-	-
Other Programmatic	-	-	-	10,019	-	-	-	-
Core Services	-	-	-	-	22,070	-	-	-
Intensive Services	-	-	-	-	-	-	-	-
Out-School Youth	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>995</b>	<b>6,198</b>	<b>61,194</b>	<b>11,933</b>	<b>25,452</b>	<b>-</b>	<b>3,561</b>	<b>12,313</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JULY 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# Eastern Upper Peninsula Employment and Training Consortium

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds Year Ended June 30, 2008

	Special Revenue Funds							
	Employment Services - NWLB	Employment Services	WIA One Stop	WIA-DW NWLB	WIA-Incumbent Worker	WIA Capacity Building	WIA - Youth Statewide	WIA Administration
<b>REVENUES:</b>								
Federal Sources	\$ 15,113	\$ 97,083	\$ 59,748	\$ 30,618	\$ 26,388	\$ 24,000	\$ 2,876	\$ 137,807
State Sources	-	-	-	-	-	-	-	-
Interest on Deposits	-	45	4	-	9	-	-	57
<b>TOTAL REVENUES</b>	<b>15,113</b>	<b>97,128</b>	<b>59,752</b>	<b>30,618</b>	<b>26,397</b>	<b>24,000</b>	<b>2,876</b>	<b>137,864</b>
<b>EXPENDITURES:</b>								
Administration	15,113	19,472	6,124	-	2,647	480	288	137,864
Supportive Services	-	-	-	-	-	-	-	-
Training Services	-	-	-	20,324	23,750	-	-	-
Direct Client Services	-	-	-	-	-	-	-	-
Information & Technology	-	-	-	-	-	-	-	-
Employment Services	-	77,656	3,249	-	-	-	-	-
Other Programmatic	-	-	50,379	-	-	23,520	-	-
Core Services	-	-	-	3,756	-	-	-	-
Intensive Services	-	-	-	6,538	-	-	1,586	-
Out-School Youth	-	-	-	-	-	-	1,002	-
<b>TOTAL EXPENDITURES</b>	<b>15,113</b>	<b>97,128</b>	<b>59,752</b>	<b>30,618</b>	<b>26,397</b>	<b>24,000</b>	<b>2,876</b>	<b>137,864</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JULY 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

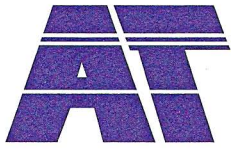
# Eastern Upper Peninsula Employment and Training Consortium

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds Year Ended June 30, 2008

	Speical Revenue Funds				
	WIA Statewide NWLB	21st Century Workforce	Community Corrections	TANF 9/07	Totals
<b>REVENUES:</b>					
Federal Sources	\$ 32,383	\$ -	\$ -	\$ 85,208	\$ 565,477
State Sources	-	5,253	123,091	-	195,736
Interest on Deposits	-	-	-	-	116
<b>TOTAL REVENUES</b>	<b>32,383</b>	<b>5,253</b>	<b>123,091</b>	<b>85,208</b>	<b>761,329</b>
<b>EXPENDITURES:</b>					
Administration	3,720	1,734	32,227	11,226	244,900
Supportive Services	-	-	-	20,031	72,962
Training Services	23,472	-	-	-	67,546
Direct Client Services	-	-	-	51,072	70,622
Information & Technology	-	-	-	2,879	5,950
Employment Services	-	-	-	-	80,905
Other Programmatic	-	3,519	90,864	-	178,301
Core Services	980	-	-	-	26,806
Intensive Services	4,211	-	-	-	12,335
Out-School Youth	-	-	-	-	1,002
<b>TOTAL EXPENDITURES</b>	<b>32,383</b>	<b>5,253</b>	<b>123,091</b>	<b>85,208</b>	<b>761,329</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JULY 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## **Reports on Compliance**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board  
E.U.P. Employment and Training Consortium  
1118 E. Easterday Avenue  
Sault Ste. Marie, MI 49783

We have audited the financial statements of the governmental activities and each major fund of E.U.P. Employment and Training Consortium as of and for the year ended June 30, 2008, which collectively comprise the E.U.P. Employment and Training Consortium's basic financial statements and have issued our report thereon, dated December 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the E.U.P. Employment and Training Consortium's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Consortium's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Consortium's financial statements that is more than inconsequential will not be prevented or detected by the Consortium's internal control. We consider the deficiency described in 08-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Consortium's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether E.U.P. Employment and Training Consortium's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

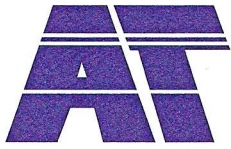
We noted certain matters that we reported to management of E.U.P. Employment and Training Consortium in a separate letter December 2, 2008.

This report is intended solely for the information and use of the Board of Directors of E.U.P. Employment and Training Consortium, management and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

December 2, 2008



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

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**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board  
E.U.P. Employment and Training Consortium  
1118 E. Easterday Avenue  
Sault Ste. Marie, MI 49783

**Compliance**

We have audited the compliance of the E.U.P. Employment and Training Consortium with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Consortium's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Consortium's management. Our responsibility is to express an opinion on the Consortium's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Consortium's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Consortium's compliance with those requirements.

In our opinion, the Consortium complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### **Internal Control Over Compliance**

The management of the Consortium is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Consortium's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over compliance.

A control deficiency in a Consortium's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Consortium's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Consortium's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors of E.U.P. Employment and Training Consortium, management and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

December 2, 2008

# Eastern Upper Peninsula Employment and Training Consortium

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	2008 Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Pass-through programs from the Michigan Dept. of Career Development (MDCD):</i>			
Food Stamp Employment & Training - 10/1/07 to 9/30/08	10.561	-	\$ 12,313
Food Stamp Employment & Training - 10/1/06 to 9/30/07	10.561	-	3,561
Total - U.S. Department of Agriculture			15,874
<b>U.S. DEPARTMENT OF LABOR:</b>			
<i>Pass-through programs from the Michigan Dept. of Career Development (MDCD):</i>			
Employment Service	17.207	-	97,083
Employment Service - No Worker Left Behind	17.207	-	15,113
WIA - Adult	17.258	-	536,161
WIA Statewide - Youth	17.258	-	584
WIA Statewide - Work First Support	17.258	-	5,167
WIA Statewide - No Worker Left Behind	17.258	-	6,574
WIA Statewide - One Stop Service Center	17.258	-	12,129
WIA Statewide - Youth	17.259	-	775
WIA - Youth	17.259	-	507,779
WIA Statewide - Work First Support	17.259	-	6,854
WIA Statewide - No Worker Left Behind	17.259	-	8,720
WIA Statewide - One Stop Service Center	17.259	-	16,090
WIA Rapid Response - Incumbent Worker	17.260	-	26,388
WIA - Dislocated Worker	17.260	-	283,004
WIA - Dislocated Worker - No Worker Left Behind	17.260	-	30,618
WIA Statewide - Youth	17.260	-	1,518
WIA Statewide - Work First Support	17.260	-	13,431
WIA Statewide - No Worker Left Behind	17.260	-	17,088
WIA Statewide - Capacity Building	17.260	-	24,000
WIA Statewide - One Stop Service Center	17.260	-	31,529
WIA - Admin	17.258; 17.259; 17.260	-	137,807
Work Incentive Grant - Disability Navigator Grant	17.266	-	11,933
Subtotal - MDCD			1,790,345
Total - U.S. Department of Labor			1,790,345
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>Pass-through programs from the Michigan Dept. of Career Development (MDCD):</i>			
TANF - 10/1/07 to 9/30/08	93.558	-	184,063
TANF - 10/1/06 to 9/30/07	93.558	-	85,208
TANF - No Worker Left Behind - 10/1/07 to 9/30/08	93.558	-	994
Total - U.S. Department of Health and Human Services			270,265
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,076,484

**Eastern Upper Peninsula  
Employment and Training Consortium**

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**Notes to the Schedule of  
Expenditures of Federal Awards  
Year Ended June 30, 2008**

**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of E. U. P. Employment and Training Consortium and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE B - OVERSIGHT AGENCY:**

The U.S. Department of Labor is the oversight agency of the E. U. P. Employment and Training Consortium, as this federal agency provided the largest amount of indirect federal funding. The E. U. P. Employment and Training Consortium did not receive any direct federal funding during the fiscal year.

**NOTE C - SUBRECIPIENTS:**

Of the federal expenditures presented in the schedule, E. U. P. Employment and Training Consortium provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
NTI – Food Assistance	10.561	\$ 14,937
CCSS – Employment Services	17.207	74,886
CCSS – WIA - Adult	17.258	514,443
CCSS – WIA - Youth	17.259	501,509
CCSS – WIA - Youth Statewide Activity	17.258, 17.259, 17.260	2,588
CCSS – WIA - Dislocated Worker	17.260	303,144
NTI – JET	93.558	228,266
CCSS – Incumbent Worker	17.260	22,750
CCSS – WIA No Worker Left Behind	17.258, 17.259, 17.260	<u>28,352</u>
Total federal awards provided to subrecipients		<u>\$ 1,690,875</u>

**Section I – Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**Identification of Major Programs:**

**CFDA Numbers**

**Name of Federal Program or Cluster**

17.258, 17.259, 17.260	Workforce Investment Act – (WIA Cluster)
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

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**SIGNIFICANT DEFICIENCIES**

**Preparation of the Financial Statements in Accordance  
with Generally Accepted Accounting Principles**

***Finding 08-1***

*Specific Requirement:* Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 112 requires management to prepare annual audit statements in accordance with GASB Statement Number 34. (Audit report format)

*Criteria:* Internal controls should be in place to provide reasonable assurance to the Consortium that management reports financial statements (with GASB Statement number 34 formats) necessary to monitor and report annual financial activity without auditor intervention.

*Condition:* Auditor prepares financial statements and annual report in compliance with GASB 34.

*Effect:* The effect of this condition places a reliance on the independent auditor as part of the Consortium's internal controls over financial reporting.

*Cause:* Change in application of auditing standards.

*Recommendation:* The Consortium should consider subcontracting financial statement preparation activities to monitor and report annual financial activity in accordance with GASB Statement Number 34.

*Planned Corrective Action:* The Consortium will consider preparing the financial statements internally, contracting this process or continuing to utilize the external auditors for reporting based on the results of a cost benefit analysis.

- Contact Person(s) Responsible for Correction:  
Carol Murray, Chief Fiscal Officer

**Section III - Federal Award Findings and Questioned Costs**

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**NONE.**

**Section II – Financial Statement Findings**

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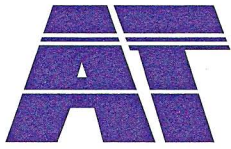
**NONE.**

**Section III - Federal Award Findings and Questioned Costs**

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**NONE.**





**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

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**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Members of the Board  
E.U.P. Employment and Training Consortium  
1118 E. Easterday Avenue  
Sault Ste. Marie, MI 49783

We have audited the financial statements of the governmental activities, each major fund of the E.U.P. Employment and Training Consortium for the year ended June 30, 2008, and have issued our report thereon dated December 2, 2008. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in our engagement letter dated September 15, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the E.U.P. Employment and Training Consortium. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the E.U.P. Employment and Training Consortium's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on October 27, 2008.

### **Significant Accounting Policies**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the E.U.P. Employment and Training Consortium are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the depreciation expense based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determine that it is reasonable in relation to the financial statements taken as a whole.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### ***Disagreement with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 2, 2008.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us as to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Comments and Recommendations***

The following is a summary of our observations with suggestions for improvements we believe should be brought to your attention. We noted no material matters involving the internal control over financial reporting and compliance, as reported in a separate letter in accordance with Government Auditing Standards of the basic financial statement audit report.

### **Closed Grants (Prior Year)**

It was noted during our testing of cash that three closed grant funds have an immaterial cash balance at year end. Because the organization operates with grant funding, the balance sheet should always end with zero balances at the end of the grant period. It is recommended that if the balance sheet does not zero out at the end of the grant period, staff should look into why and adjust the general ledger as necessary.

Response: Balances remaining in the closed grants occurred in prior years, dating back as far as 2003. Our accounting software's default programming does not allow us to make the journal entries suggested by our auditors to remove these balances.

### **Cash (Prior Year)**

Reconciled cash did not agree to the general ledger at June 30, 2007. Although the amount is deemed immaterial, it is recommended that when cash is reconciled any difference be investigated and adjusted.

Response: June's cash was reconciled in July. In August, June expenditures were expensed to June; however, in error, cash was also credited in June. At this point, due to a default in the accounting software, an accounts payable could not be created for June 30<sup>th</sup>. General ledger cash for the month of August reconciles with the August bank statement.

### **Fraud Policy (Prior Year)**

With the implementation of Statement on Auditing Standards No. 99, auditors are required to assess policies and procedures regarding fraud risks within a governmental entity. The Board does not have a "Fraud Policy" which would address fraud or suspected fraud and related board actions. We recommend the Board adopt a fraud policy in compliance with SAS No. 99

Status: Corrected.

### **Check Copies (Prior Year)**

Due to changes in bank practices, the Organization does not receive cancelled checks. The Organization should contact the bank to obtain "imaged" checks to assure compliance with state retention policies and to assure proper clearing of amounts by the bank.

### **Conclusion**

We would like to express our appreciation, as well as that of our staff for the excellent cooperation we received while performing the audit. If we can be of assistance, please contact us.

This report is intended solely for the information and use of the Board of Directors of the E.U.P. Employment and Training Consortium, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

December 2, 2008